

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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Stabilization Issue Impedes Conference

Adjournment Is Discussed as United States Blocks Move to Fix Currency Levels

DOMESTIC POLICY IS BARRIER

Roosevelt Determined to Wait for Cheaper Dollar and Rise in Prices

Hardly well under way, the World Economic Conference came dangerously near collapsing last week as the first great difficulty made its appearance. The issue was the complicated one of currency stabilization and the controversy involved the three principal nations represented in London—the United States, Great Britain and France. Briefly stated, the two European countries asked the United States to join in an agreement which would keep American currency at a fixed level, that is, stabilized. But the Roosevelt administration, embarked on a policy of domestic inflation which envisaged a further cheapening of the dollar, was unwilling to comply with the request. The other nations, principally France, declared that it would be useless to go on with negotiations until currencies were stabilized and the conference was threatened with a deadlock which might prove disastrous.

What Is Stabilization?

These are the facts. Now let us see what they mean. What happens when a currency is stabilized and what happens when it is not? What is the effect either way on world trade? Why do Great Britain and France want stabilization and why is the United States opposed to it at this time? These are some of the questions which must be answered.

In order to get at the root of the question we must review the events of the last few years. After the war each country in Europe readjusted its currency and came back to the gold standard. That is, each country pledged itself to exchange on demand its monetary unit—the pound in England, the franc in France, the lire in Italy and so on—for a fixed amount of gold. Measured in terms of dollars, the British pound was worth \$4.866 and the French franc, \$0.391. These values remained fixed. The American importer who wished to order a shipment of perfumery from France for delivery six weeks later knew that the number of francs he could buy with a dollar would not change within that period. In terms of his own money, therefore, the price of the perfumery would remain the same. He could order with confidence. It was this way in virtually all countries. Each currency was worth so much in gold and could be exchanged at the same level at any time, be it a week, six months or a year.

It is evident that so long as this careful balance was maintained between the various currencies international trade could be carried on with perfect confidence in so far as the question of making payment was concerned. But in 1929 the world-wide depression made its appearance and it was not long before something happened to destroy the balance.

(Concluded on page 7, column 1)



—Kirby in N. Y. WORLD-TELEGRAM

THE MORNING OF A NEW DAY

The Next Step

The momentous task of President Roosevelt and his administration to rehabilitate the nation's economic life has actually just begun. True enough, the preliminary work has been tremendously successful. With the patriotic cooperation of Republicans and Democrats alike, Congress has granted the president his every major request. The press, almost unanimously, has acclaimed his leadership in pushing through important legislative measures. Millions of Americans continue to sing his praise. It has frequently been said that Mr. Roosevelt has the greatest capacity for dealing with men of any president since Lincoln. But nearly everything that has been accomplished so far has been on the legislative side of the ledger. Congress has given the Roosevelt administration the tools with which to rebuild a broken-down economic machine. The swiftness with which these tools have been handed over to the president and their apparently sound quality have been responsible for renewed optimism, for a substantial pick-up in business. Now the president's chief concern is to see that the men whom he selects to administer these tools, do so efficiently and equitably. He must keep a watchful eye over the whole network of operations to see that each individual unit fits into one unified pattern. With more power vested in the national government than ever before in time of peace, President Roosevelt must see that a minimum of reckless and unwise decisions is made by government officials. For, the success of his program depends largely upon the people's confidence in the integrity and ability of his chosen administrators. The people themselves, however, must play the most vital role in the great drama of national recovery. For the president, with all the power which Congress has bestowed upon him, is helpless unless he continues to receive the united support of the country. The farmers must cooperate by reducing their acreage in crops which are greatly overproduced. Industrial leaders must go the limit in carrying out fair trade codes, including shorter working hours where possible, higher wages and planned production. The railway management must eliminate duplicate lines and by other methods relieve the debt-burdened roads. In countless other ways the worker, the farmer, the business man, the banker, the manufacturer will be called upon to make sacrifices in the common effort to restore national prosperity, to attempt the complete fulfilment of the "American Dream."

Vast Governmental Changes Being Made

Roosevelt Recovery Plans, Now Enacted by Congress, Call for New Machinery

EXTRA BUREAUS ESTABLISHED

Reshuffling of Regular Governmental Agencies Also to Be Undertaken

By Max Stern

As every new deal must be preceded by a new shuffle so is the Rooseveltian "new deal" being prepared for in Washington.

Never in as short a time have Congress and the White House so dramatically shifted power or transferred functions as they have in the past 100 days. When the dust of that whirlwind emergency Congress is cleared over the nation's capital, the federal government will appear so changed that a political science student will hardly recognize it.

The story of the "new shuffle" can best be told under the orthodox three headings. These are:

1. The unprecedented shift of emergency power from the Congress to the White House;
2. The creation of a new super-government for industry under the National Recovery Act;
3. Reorganization of governmental bureaus for purposes of economy and efficiency.

The New Shuffle

Many are alarmed over the powers that Congress relinquished in its emergency session. That Congress, it is claimed, wrote out for the president a blank check, and then went home to its fishing, trusting to luck and Franklin Roosevelt. They have left him armed with arbitrary power over industry and agriculture, over credit and finance, over hunger relief, over the Tennessee Valley development, over veterans' welfare, over railroads, over governmental bureaus. They have given him the right to set up a sort of new cabinet of administrators, answerable directly to him, and most of them are unhampered by the restrictions of Senate confirmation or of civil service.

For instance, dynamic, hard-hitting Brigadier General Hugh S. Johnson will head up the vast new "NIRA," as the National Industrial Recovery Administration has come to be known, with no check on his activities but the presidential one plus a moral influence to be vested in an administrative board of five cabinet members and two others, including General Johnson. Soft-spoken, smiling Treasury Secretary Woodin is given dominion over the banks and credit, and F. D. being willing, he may print as many as three billion dollars' worth of U. S. Treasury notes, reduce the gold dollar's gold content by 50 per cent, or conduct open market operations through the Federal Reserve Board.

A handsome, tan-faced young Westerner named Lewis Douglas is not only budget director but boss of veterans' economies, reorganization plans, tax changes and other little odd jobs relating to running the details of government. He has been called "Little Mr. Fixit" and "the assistant president," and other names less complimentary.

Mr. Harry Hopkins, as Uncle Sam's new almoner, will administer the \$500,000,000

relief grants to the states, the largest public charity gift of history. Mr. George N. Peek will administer the intricate and comprehensive Farm Relief Act. Colonel Donald A. Sawyer and Colonel George R. Spalding will attend to the spending of \$3,300,000,000 in public works. W. Frank Persons will put into effect for Secretary of Labor Perkins the new system of federal employment exchanges. Dr. A. E. Morgan, president of Antioch College, will administer the gigantic Tennessee Valley project. Colonel Chas. H. March will execute the drastic securities control or "Federal Blue Sky Law." Robert Fechner is administering the civilian forestation camps.

Emergency Government

In this group of men is concentrated power such as has never been mobilized in peace-time America. They are, for the most part, experts in their lines, and their grave duties will be carried forward with a minimum of interference from Congress. By the time Congress meets again in January their projects will be well manned and under full steam.

While many liberals will see in the new trend a danger to democracy, other liberals are unafraid. These latter look upon the grants of power to the executive as temporary and emergency ones. Congress giveth and Congress taketh away, they say, and at the end of the two-year emergency, into which most of the new laws are confined, the legislative wing of the government will be able to function again as usual. Whether this comes about or not, it is agreed that the emergency exacts quicker decisions and more efficient methods than our regular slow-moving democratic institutions offer.

"The representative system was never in a more healthful state than at present," said Dr. Raymond Moley, assistant secretary of state and Roosevelt "Brain Truster No. 1." "It has, it is true, given large powers to the president. This was the plain necessity of the emergency. But the guiding control of policy remains with Congress."

Thus in the "new shuffle," it appears that President Roosevelt, for better or worse, is destined to hold a handful of trumps.

The creation of a new government over industry at Washington under the new Recovery Act is probably the most significant single event in the recent history of America. The new government may, of course, blow up; it may achieve only a fraction of what is expected of it; it may even result in serious harm to the consumer and to labor. If it succeeds, however, it will mark not a forward step but a forward stride. It will have created the beginnings of national industrial planning, brought about a working partnership be-

tween government, industry and labor. If it fails, it will have at least been a "noble experiment" in a real sense.

Work of "NIRA"

Its significance with relation to the realignment of forces in Washington is that it creates here a government within a government. Until now few Americans had heard of General Johnson. Soon his name will be on every lip. Reams will be written about this one-time obscure army officer, lawyer and financier and the hundreds of experts he is calling to Washington to aid him in carrying out the Olympian duties charged to him under Title I of the act. Just as the great war brought to the capital the nation's best brains and put them to work as "dollar-a-year" men, so the "NIRA" today is drafting industry's and labor's ablest leaders at salaries smaller than they are used to receiving and to duties heavier and more exacting than they are used to handling. These men, sitting in bare offices in the Department of Commerce Building, are working 20 hours a day so that labor can work 30 hours a week; taking smaller salaries than is their wont so that the workers can get larger wages. They are umpiring a great game between the spokesmen of 1,000 interstate industries and their 20,000,000 wage workers, with permanent prosperity and security the stakes. They are pinch-hitting for Congress in an emergency, and the nation is on the side lines to cheer.

Thus the "new shuffle" brings into the deck of new cards, the face cards of hundreds of America's industrial and labor leaders.

Departmental Reorganization

Finally there is reorganization inside the existing federal government. When the Democratic party at Chicago put into its platform a plank pledging a 25 per cent reduction of federal expenditures, few took the pledge as more than another campaign slogan. A 25 per cent reduction? Why, that meant a \$1,000,000,000 reduction in a \$4,000,000,000 budget! Well, it has almost been done. Today the operating budget, that is, the one concerned with running expenses and not with emergency appropriations, stands at some \$800,000,000 below the figure of March 4. How was it accomplished?

To Budget Director Douglas of Arizona must go the bulk of the credit. Cruel slashes were necessary in every department to cut nearly a billion dollars from the government's overhead. Hardest was the task to make good the promise to cut \$400,000,000 from the Veterans' Administration, and it was in the attempt that President Roosevelt almost met his first big reversal at the hands of an angry Congress.

The cuts were ordered by the Veter-

ans' Administration, and the president and Mr. Douglas stood firmly behind the order. But when the friends of thousands of disabled service men, many of whom were suffering from combat-connected disabilities, sent in legitimate protests, Congress intervened. The Cutting-Steiner amendment would have added to the Douglas budget \$170,000,000. After a running battle that prolonged the session for nearly a week and required all the tact and compromising genius of the president, this was reduced to \$100,000,000 by agreement. Other cuts that required courage were reductions of \$49,000,000 in the army budget, of \$25,000,000 in ship subsidies, of an expected \$125,000,000 to enable the Post Office Department to live within its income.

Only \$25,000,000 will be saved as the result of new reorganization plans, but these plans seem to give promise of a more effective system of government at Washington and to set a splendid example to the states now hesitating on the brink of the reorganization plunge. Here are some of the things that will happen within the next sixty days under the president's executive order on reorganization:

The Bureau of Prohibition, famed through fifteen years of the "noble experiment," is abolished, its police functions turned over to a new Bureau of Investigations under the Justice Department; the Bureau of Industrial Alcohol is merged under Treasury's Bureau of Internal Revenue. The new prohibition director, Major D. V. Dalrymple, is scheduled to walk the plank.

Other Changes

The U. S. Shipping Board, responsible for passing out millions to private concerns in government ship subsidies, is abolished and its activities turned over to the Department of Commerce.

The Labor Department's bureaus of naturalization and immigration are merged.

The Hoover Federal Employment Stabilization Board is abolished and its work turned over to the public works division of "NIRA," along with its former chief, Colonel Sawyer.

All purchasing functions are put under a new division of Procurement of the Treasury Department, an important change.

The functions of the Federal Board of Vocational Education are turned over to the Interior Department, and the board will act without pay in an advisory capacity.

Other bureaus and functions are shifted, abolished or required to accept drastic cuts.

So has the "new shuffle" worked within the federal departments at Washington. Less important are these changes than the other shifts of functions at the nation's capital. They are the low cards in the pack. But they help form the



THERE SEEMS TO BE AN OVERPRODUCTION HERE, TOO

—Hanny in Philadelphia INQUIRER

mechanism of a faster functioning and more effective government.

If the forty-eight states would cut as deeply into old habits and institutions to modernize their governments as quickly as has Uncle Sam in the past 100 days, America would feel the effects in lower taxes and better services. The "new deal" then would hold even greater promise than it does today.

WHEAT DISCUSSED AT LONDON

In addition to the discussions on tariffs, foreign exchange, currency, stabilization and other problems of that nature, the World Economic Conference is also considering the problem of curtailing wheat production by international agreement. We all know that it is an exceedingly difficult thing to reduce production of farm or manufactured products in our own country. But when the attempt is made to get a number of nations to agree to such a course, the conflicting elements are seemingly impossible to smooth out.

Many agricultural experts, however, say that until certain leading wheat-growing nations curtail their enormous surpluses the world price of wheat will never rise to past levels. Therefore, Herculean efforts are being made at the London conference to bring about an international agreement which would require the outstanding wheat nations to keep their production within the limits of certain quotas. To make this plan effective, the governments of these nations would, as is being done here, have to offer incentives to farmers who would reduce their acreage.

TREASURY BALANCE

The federal treasury is in possession of the funds necessary to put President Roosevelt's recovery program into operation. Through the recent bond issue, which was more than five times oversubscribed, the treasury balance last week reached a total of \$1,008,999,817. In addition to this the government's revenue was expanding. Tax receipts totaled \$193,178,993 as against \$158,343,138 for the corresponding period last year.

REAL ANTIQUITY

The province of Normandy in France is celebrating its 1,000th anniversary this year. The festivities began early this month and will continue for some time. Albert Lebrun, president of the French Republic, was expected to attend the celebrations which are being staged in the town of Coutances. Scenes of pageantry, recalling important figures and events in the thousand-year history of Normandy as a distinct geographic and political unit will form a part of the commemoration.



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FROM HERE THE N. I. R. A. DIRECTS THE NEW DEAL FOR INDUSTRY
The National Industrial Recovery Administration, under the direction of Brig. Gen. Hugh S. Johnson, has its offices in the huge new Department of Commerce building in Washington.



JUNE 15 has come and gone. But the troublesome problem of war debts is still with us. Finland alone paid in full her June 15 installment. Great Britain owed \$75,950,000 and paid \$10,000,000; Italy owed \$13,545,000 and paid \$1,000,000; Latvia owed \$119,609 and paid \$6,000. Seven nations—Belgium, Estonia, France, Hungary, Lithuania, Poland and Yugoslavia—made no payments at all.

All in all the United States collected only 7 per cent of the total of \$143,605,000 which was due. This may be compared to the 75 per cent received on the payments of last December. Moreover, the December installments were made in gold, while the recent payments were in silver—silver valued at 13 per cent higher than it is now being sold on the market.

So it is conceded by the majority of informed observers that the prospect of ever again receiving more than a fraction of past war debt payments is remote—in fact, extremely remote. The general belief among these observers is that a settlement will have to be made somewhat similar to the Lausanne settlement on German reparations. (The Lausanne Conference reduced German reparations to slightly over \$700,000,000.)

Those nations which made "token payments," as the small amounts received the middle of this month were called, are invited by President Roosevelt to send representatives to Washington in July to go thoroughly into the debt matter. By denying that these nations, because they had made such small payments, had defaulted, the president relieved a tense situation.

Norman Davis Returns

Norman H. Davis, United States ambassador-at-large, has returned to this country from Europe. He is to confer with President Roosevelt on the progress of the Geneva Disarmament Conference.



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NORMAN H. DAVIS

There have been rumors to the effect that Mr. Davis would resign his official position because of the recent revelation that his name was on the Morgan "favored list." He has denied this, however, and says he will be back in Geneva for the reconvening of the disarmament conference on July 3. Mr. Davis also stated that one of the primary reasons for his return at this time was the desire to attend his son's wedding.

The King Entertains

King George and Queen Mary were the genial hosts last week to the first garden party at Windsor Castle since the World War. The guests were delegates and officials of the World Economic Conference—about 2,000 in all. After the formal introductions, King George sought a private conversation with Secretary of State Hull. As Mr. Hull was nowhere to be found the king made an appointment to see our secretary of state the following day.

Moley in London

Assistant Secretary of State Raymond Moley is now in London at the economic conference. The president's decision to send Mr. Moley last week was made after a serious cleavage had developed among our delegates at the conference. They could not agree among themselves, and apparently Mr. Roosevelt had not imparted to them any definite policy. One member of the delegation would offer a certain proposal, and other members would disown it. So it was to bring our lines together that Mr. Moley hurried to the conference.

Before starting he made a spectacular trip by airplane to the president's yacht, which is cruising along the New England coast. The president gave him instructions which he took to our delegation.

Baruch Fills His Shoes

When Mr. Moley departed for the World Economic Conference last week, Bernard Baruch was called to Washington to take his place. Mr. Baruch will assist the Roosevelt administration in shaping American policy at the London conference, and will also advise with the president on domestic affairs.

Mr. Baruch headed the War Industries

Following the News

Board under President Wilson—the board which had the tremendous task of mobilizing business on such a scale as to enable vast supplies to be rushed to the front. Now, sixteen years later he comes to Washington at another crucial period. This is not the first time, however, that he has made his influence felt in the Roosevelt administration. He has frequently acted in an advisory capacity to President Roosevelt since March 4, and was one of Mr. Roosevelt's most active supporters during the presidential campaign.

Scientists at Chicago

Chicago is the scene of the largest scientific convention of its kind ever to be held. Fifty-five groups, representing all the leading scientific societies of the nation have gathered in the World's Fair city for the annual meeting of the American Association for the Advancement of Science. The conference is in connection with the Century of Progress Exposition. Those attending are hearing addresses from notables in all fields of scientific endeavor.

German Exports Increase

More good news comes from abroad. Germany's foreign trade increased 11 per cent during the month of May. This is the first May increase in exports that Germany has witnessed since the start of the depression. As her imports were considerably less than her exports, Germany is in a position to meet her private debt payments on which she has called a moratorium. If the month of June shows a sustained improvement, the moratorium is expected to be cancelled.

Money for Public Works

President Roosevelt has already made available \$400,000,000 under the public works section of the National Recovery Act for state roads. He has also allotted \$238,000,000 to the Navy Department for the construction of 32 new war vessels under the terms of the London Treaty.

Colonel Donald H. Sawyer, who is high in the ranks of engineers, has been chosen to direct the \$3,300,000,000 public works measure. He will have an advisory board composed of business and labor leaders to assist him.

Alfred Smith Receives Degree

Former Governor Alfred E. Smith of New York received the honorary degree of Doctor of Laws from Harvard University a few days ago. Although Mr. Smith's parents were unable to provide him with a very extensive formal education, his public achievements have been honored by several great educational institutions. These include: Dublin University in Ireland, Columbia University, Catholic University in Washington, D. C., and Notre Dame.

Wallace Shaping Farm Plan

Secretary of Agriculture Wallace is a very busy man these days. He is working at top speed to put the Agricultural Relief Act into operation. Soon after July 1, Mr. Wallace plans to have the Department of Agriculture start paying a bounty to all wheat growers who promise to curtail their 1934-1935 crops by as much as 20 per cent.



© Acme

HENRY A. WALLACE

The government will pay the expenses of this plan by placing about a 30-cent-a-bushel tax upon millers. With respect to cotton Mr. Wallace will attempt to get the majority of growers to destroy 25 per cent of their 1933 crop. If the growers agree to do so, they will receive from \$100,000,000 to \$150,000,000 in rentals. This money will also be raised by levying a tax upon the processors (spinners). By destroying a portion of this year's crop, the secretary of agriculture hopes to reduce the enormous sur-

plus which is hanging over the market. Even in spite of the fact that cotton prices have risen tremendously during the last few months, Mr. Wallace says, unless the 1933 crop is considerably curtailed, prices will drop to pathetically low levels in the fall.

Austria's Anti-Nazi Campaign

On the 19th day of June, the Austrian government, headed by Chancellor Engelbert Dollfuss, dealt a decisive blow to the Nazi movement in Austria. The government issued a decree forbidding any Nazi political activity to take place in Austria for an indefinite length of time. Demonstrations or meetings of any kind are positively prohibited.



Nazis are not even allowed to wear the swastika badge or other party emblems. This action was taken after the Nazis had started a reign of terror, which threatened to assume dangerous proportions. Tension between Austria and Germany was immediately increased as a result of the Austrian government's move. Trouble has been brewing between the two countries for several months. Chancellor Dollfuss has made it clear that he does not intend to have the Nazis take over the Austrian government and then have Hitler or one of his followers dominate Austrians as he is dominating Germans. The two countries became so angered at each other a few weeks ago that they both raised the price of tourist visas to an enormous rate, making travel from one country to the other prohibitive.

Chancellor Dollfuss has urged France and Great Britain to assist him in putting down the threat of a Nazi government in Austria and also in being prepared to check a possible Nazi aggression from across the German border. His pleas finally resulted in a joint loan of \$40,000,000 from Great Britain, France and Italy. This loan had been promised to Austria at the Lausanne Conference, but the French government could not gain the support of the Chamber of Deputies for the granting of the loan until the Nazi menace in Austria appeared. As a result of this loan, the Austrian financial situation has been improved, thereby enhancing Chancellor Dollfuss' political prestige.

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Gandhi's Son Marries

Mahatma Gandhi's son, Devidas, has stirred up a storm of opposition to himself in India. Devidas is a member of the merchant or third division of the Hindu caste system. He married a girl of the first division. The marriage of a low-caste Hindu to one of the upper class is unprecedented. The Orthodox Hindus are incensed. The girl's father is a leader of the India Nationalist Congress. He is a staunch supporter of Gandhi's campaign to close the gap between the low- and high-caste Hindus.

N. I. R. A. Begins Work

The cotton textile industry took the lead in submitting a "code of fair competition" to the National Industrial Recovery Administration. The code is said to represent mills owning over two-thirds of the cotton spindles and looms in the United States. It would fix minimum wages of \$10.00 weekly in the South and \$11.00 weekly in northern mills, with a maximum of 40 hours of work a week. This would be an increase of 30 per cent in wages in a large part of the industry, and a decrease of about 20 per cent in weekly working hours.

General Johnson, the industrial administrator, is thought to be well satisfied with the proposed code. He has arranged for the cotton industry to present its code at a public hearing beginning July 27. These hearings, which will be held on the presentation of all codes, will enable representatives of industry, labor and the consuming public to express their views of the code at

hand. Unless the consumers have an opportunity to be heard, it is feared, industry and labor might jointly, by raising wages and prices too much, impose a severe hardship on the buyers.

More than 400 of the country's outstanding trade and labor organizations, Mr. Johnson said, have expressed their desire to come under the new law. Thus the drive for economic rehabilitation has begun in earnest.

Three More for Repeal

Three more states last week ratified the prohibition repeal amendment, making the score 14-0 in favor of repeal. Connecticut and New Hampshire voted overwhelmingly against the Eighteenth Amendment, and Iowa, in which a close contest was anticipated, voted 3-2 in favor of repeal. The first real test for both sides will come July 18. On that day Alabama and Arkansas, two states heretofore very strong for prohibition, will vote. The wet victory in Iowa, however was considered a serious blow to the dry forces as that state was once a prohibition stronghold.

Reducing Acreage

In an attempt to win the support and cooperation of all the cotton growers of the south to the acreage reduction plans of the Department of Agriculture, farm workers met at Jackson, Mississippi, to discuss procedure. The Department of Agriculture has called upon the state of Mississippi to cut its cotton acreage 1,209,000 acres next year and the workers are trying to get all producers solidly back of the movement. Meetings similar to the one held at Jackson are being planned in other southern cities.

Best Sellers

That people are trying to find out what the legislation recently passed by Congress is all about is indicated by the heavy demands for copies of the industry control-public works bill, the farm bill, the railroad bill, the Glass-Steagall bill, and other measures. The document room at the Capitol reports heavy demands for copies of these bills and the Government Printing Office reports unusually heavy demands.

Railway Labor Disputes

The 210 Class 1 railroads have notified their 1,000,000 union employees of a 22½ per cent cut in their basic pay, starting November 1. This amount includes the temporary 10 per cent reduction which is now in effect. The railway labor unions pronounce as ridiculous this latest move on the part of railway executives. At the very time that President Roosevelt is attempting to raise prices and wages, it is asked, how can the railway managements force lower wages on their workers?

Joseph Eastman, former Interstate Commerce Commissioner, who has been appointed Federal Coordinator of Transportation, is conferring with both railway executives and labor officials on this matter. Legally, the question of railway wages does not lie in the realm of his authority. But he is acting in an unofficial advisory capacity for the president. Mr. Eastman told the executives that Mr. Roosevelt wished them to hold back on the wage question until the railway reorganization program, of which Mr. Eastman is in charge, has time to show results. Then, Mr. Roosevelt believes, the railway companies will find it unnecessary to slash wages. Conferences will continue to be held between the conflicting parties in the attempt to reach a compromise. It seems, at this writing, that Mr. Eastman will be successful in persuading the roads not to insist on the cuts at this time.

Hitler Threatens!

Adolf Hitler has threatened to take children away from German parents who do not conform to the Nazi régime. In a recent address to a brown shirt gathering he said: "If the older generation cannot get accustomed to us, we shall take their children away from them and rear them as needful for the Fatherland."

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JOSEPH B. EASTMAN

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STANDARDS

If three years ago the federal government had attempted to assume the supervision of the nation's economic life as it is now doing, the majority of Americans would have revolted against such action. What, therefore, has brought about this change of attitude? We say, of course, the depression. That is true. But something else has also happened. The people have lost confidence in their leaders of industry and finance. It has been tragically revealed that many of these leaders had utterly no regard for the trust which had been placed in them. Their one and only objective was to acquire wealth . . . more wealth . . . often without regard for the methods involved. Their standard of value was narrowed solely to the material side of life. To keep barely within the letter of the law was their only principle, and in some cases they did not even do that.

What we say applied only to a small minority of industrial and financial leaders. But the unethical practices of that small minority tended to make the public lose confidence in nearly all men of high finance.

This breakdown in moral standards was no doubt the inspiration for the address by Dr. A. Lawrence Lowell, president of Harvard University, to this year's graduating class. Here is a small section of the address:

We are told that conditions having changed, with them ideas must change and former principles become obsolete. That is only partly true. More than in uneventful times one must endeavor to distinguish between the enduring and the temporary, between the things essential to the framework of every good human society, and the expedients useful for the moment, not letting these impair the permanent structure. Now among the essentials are the personal characters of men.

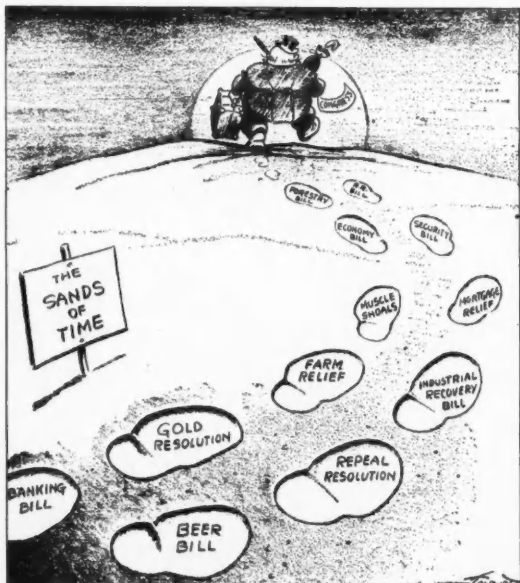
There is needed also a personal standard of conduct beyond that which can be enforced by law, a rectitude, a benevolence, a self-respect, that are not temporary but eternal qualities. The cardinal virtues—justice, prudence, temperance and fortitude—are not evanescent, nor can they ever become obsolete.

Let us strive to free ourselves from prejudice and selfishness, both personal and corporate, of interest and of occupation; for mankind can and will learn to direct itself for the general welfare if it does not lose its moral qualities and its sense of right and wrong.

Above all, let us bear in mind that a good citizen's first duty—mark you, by no means his only duty—but his first duty to the public is to preserve untarnished his own moral integrity.

Railway Wage Fight

The announced intention of the railway companies to seek a 12½ per cent wage reduction for their employees in addition to the 10 per cent cut already in effect, brings



"AND DEPARTING LEAVE BEHIND US—"

—Talbot in Washington News

forth a note of criticism from the *Washington Daily News*, a Scripps-Howard publication:

The attempt of railroad managements to reduce wages 22½ per cent below the basic scale, or 12½ per cent below the present reduction, is on its face a deflationary move, in direct opposition to the wishes of the Roosevelt administration which is straining every muscle to bring about employment, cut hours of labor and increase wages. The railroads, which have just been given special treatment by the government, which are permitted to get from under the anti-trust laws, which are provided with new Federal credit to bring their long deferred maintenance up to date, are asking labor to give up another quarter of a billion dollars so capital may profit just that much.

Apparently, President Roosevelt and his administration will not stand for such gouging of those who have invested their lives in the railroad business. Wage cutting has no place in the present economic scheme of things, tuned to inflation.

Shorten London Conference?

The *Philadelphia Public Ledger* is of the opinion that to extend the London Economic Conference over a long period of time would be extremely unfortunate:

In international conferences, time is a factor of considerable importance. They cannot be allowed to drag on too long, for in that case the public loses interest and a certain amount of public pressure is essential to diplomatic accomplishment. One reason for the lack of success in general disarmament is that the conferences have been so contracted that pressure from the outside has become relatively ineffective.

There recently was some talk that the London economic conference might last as long as six months. This would be unfortunate. Granting the difficulty of getting 66 nations to agree on anything in any length of time, the necessity for some limit is clearly indicated.

Secretary of State Hull has attempted to meet this situation by laying on the conference table a resolution limiting the period to be consumed to six or eight weeks. He will not press for the adoption of his motion unless the meetings begin to drag. But his move is obviously a wise one.

Banking Reform

One week before Congress adjourned, even the closest congressional observers did not think it at all possible for the Glass-Steagall banking reform bill to be pushed through the legislative machinery. But, as you know, it was enacted into law. Here is what the *Dallas Morning News* has to say about the bill:

It happened that there were a few minutes to spare before the curtain was rung down, so Congress, whose recent performances would shame either Hercules or Houdini, reached into the hat and tossed out the Glass-Steagall banking bill. Efficient Congress! But, whether efficient or inefficient, Congress has undoubtedly brought us to a new day in banking in this country and the transition from the old to the new will be as full of consequences as was the transition that came with the establishment of the Federal Reserve System.

The bill as finally passed is essentially that which was given much publicity when it was under discussion in House and Senate a few weeks ago. It provides for deposit insurance, increased authority for the Federal Reserve Board, divorce of commercial banks from their security affiliates, and expansion of branch banking by national banks in states where branches are permitted under state charter. In a word, the net result will be the further centralization of the banking system of the nation through increased powers granted to the Federal Reserve Board and through the virtual forcing of state banks into the Federal Reserve System.

Silver Versus Gold

The silver issue, in the *Toronto Daily Star's* estimation, is one of the most important to be considered at the London conference:

In accepting the British payment of \$10,000,000 in silver at 50 cents an ounce the United States undoubtedly is expecting the price of silver to rise to that figure, which would be an increase of 38 per cent above its present market value. Britain secured the silver from the government of India at an unstated price, but probably not much above 36 cents an ounce. Her saving by paying in silver should exceed \$3,500,000.

Even the price of 50 cents an ounce for silver is far below the average price of the commodity over a long period of years. In 1920 silver soared to 125 cents an ounce. Its decline to 50 per cent of its normal value has caused losses running up into billions of dollars to the peoples of the Orient, reduced the purchasing power of more than one-half of the world and caused widespread misery and social discontent.

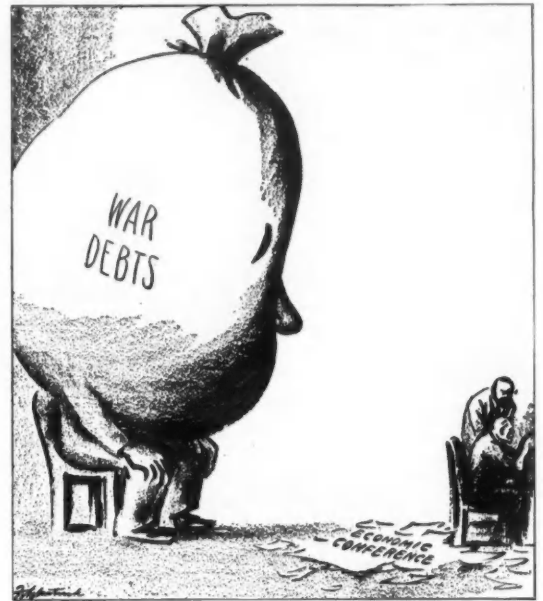
One of the most important achievements within the power of the World Economic Conference is the raising of the price of silver. . . . When silver is enabled to perform its necessary service as a means of exchange, the strain on gold will be lessened and the world be appreciably nearer monetary stability.

Ambassador to Greece

President Roosevelt's ambassadorial appointment to Greece is an excellent one, according to the *Louisville Courier-Journal*:

If diplomatic skill is an inherited characteristic, our newly appointed minister to Greece should get off to a flying start in the diplomatic service. Lincoln MacVeagh, whom President Roosevelt sends to Athens, is the son of Charles MacVeagh, who was appointed ambassador to Japan by President Coolidge. The new minister's uncle, Franklin MacVeagh, was secretary of the treasury in the Taft cabinet, and his grandfather, Wayne MacVeagh, was a member of the Garfield cabinet and later served as ambassador to Turkey and Italy.

It was when Wayne MacVeagh was in Turkey that the German archaeologist, Schliemann, proposed to excavate the ruins of Troy, and MacVeagh was instrumental in gaining permission from the Turkish government for the exploit. From



THE NEW UNOFFICIAL OBSERVER

—Fitzpatrick in St. Louis POST-DISPATCH

that time dates the great archaeological finds in Greece and Asia Minor, which have done so much to reconstruct for the modern world the civilizations that flourished before the Christian era.

Lincoln MacVeagh goes to Greece with a deep interest in the antiquities of the land, and a knowledge of the language and literature of the classic period. It has been a fine tradition to send scholars to Athens who can appreciate the rich background of the country and its people, and MacVeagh carries on the line.

Here Is Proof!

The *New York Herald-Tribune* gives concrete illustrations of definitely improved business conditions throughout the country:

Not only the close student of business and financial development but the casual newspaper reader as well must by now be completely convinced of the reality of the improvement that has taken place in trade and the markets during the last three months.

The movement has long since been clearly visible, of course, to the analyst. For he has seen the weekly figure on steel production steadily mount from the average of 15 per cent of the industry's theoretical capacity in March to 47 per cent this week; he has seen car loadings rise from a point at which they were approximately 20 per cent below last year's figures to a point well above the corresponding mark of a year ago; and he has seen Moody's daily index of sensitive commodity prices rise from a low for the year of 78.7 to 123.8 on Tuesday of this week, an advance of nearly 60 per cent.

The average layman, and especially the layman who is suspicious of all statistics, is likely to take developments of this sort with a grain of salt; but the business recovery becomes something more than a matter of statistics even to the layman when he reads that General Motors Corporation is preparing to raise the wages of its factory workers five per cent, that the United Carbon Company has resumed its suspended dividend, and that the Industrial Rayon Corporation has increased its dividend, or when he sees a photograph showing a line of workmen two blocks long going back to their jobs in the Goodyear Tire and Rubber Company. These are items that register with even the most skeptical. . . .

It is not possible for any one to say whether the present move began with business, with the markets or with inflation. It is certainly obvious, however, that all three have played a part in shaping the general results—that, lacking any of them, the country would have seen no such excited demonstration as that which it has recently been witnessing.

Every city in the world could be leveled to the dust and countless millions could still live on the earth in a fair degree of comfort and with a good deal more security than the masses of the cities enjoy today. On the other hand, if agriculture were destroyed, every city would sink down in hopeless decay from its own weakness.

—Frank O. Lowden

Where boasting ends, there dignity begins. —Young

Jim Reed wants to go back to the United States Senate, where there has been so much activity of late that he is no longer afraid of being bored.

—Chicago Daily News

It is announced that the title of Mr. Ernest Hemingway's new book of short stories will be called "Winner Take Nothing." Sounds like a history of the World War.

—F. P. A. in New York HERALD-TRIBUNE

Deserving Democrats still waiting at the pie counter consider the feat of Gandhi an amateur performance.

—Philadelphia BULLETIN

We trust that no one will raise the old cry of less government in business until the novel expedient of a saturated solution has been given a fair trial.

—Washington Post

Briton Gives Some Impressions of U.S.

Dr. L. P. Jacks, Noted Author, Lecturer and Frequent Visitor, Has Written Friendly Book

FOR many years America has been a happy hunting ground for foreign authors and lecturers. After a number of visits and more or less extensive lecture tours they have almost invariably been led to set down their impressions in book form. To the foreign observer these forty-eight states comprise a mammoth laboratory in which all kinds of queer experiments are constantly being carried out. America is a land of which anything is to be expected, but there is nothing that is not worth writing about.

It is not surprising to learn, therefore, that Dr. L. P. Jacks, editor of the *Hibbert Journal* in England, author, lecturer and frequent visitor to this country, has recorded his reactions in a book which he calls, "My American Friends" (New York: Macmillan: \$2.00). But contrary to what might be expected, Dr. Jacks has not written the usual critical type of book. As the title implies, it is a friendly chronicle. Dr. Jacks likes this country and the many people in it whom he counts as friends. True, he does not fail to scold. He calls America a land without villages; as a people we live for the most part indoors, venturing out only in closed automobiles; we have a tendency to herd and move in crowds; we are always restless and in a hurry to get somewhere. On the other hand, Dr. Jacks does not subscribe to the common theory that America is overstandardized. He believes there is much originality and diversity beneath the appearance of sameness. He does not think us a nation of gangsters and ill-doers, but stresses the tremendous amount of goodness which must exist to counteract these defects.

The Incredible Borgias

The Story of the Borgias, by L. Collison-Morley. New York: E. P. Dutton. \$3.95.

IN this book Mr. L. Collison-Morley gives an interesting account of one of the most important of all the Renaissance families. He attempts to give the whole story in one volume, laying particular stress upon the activities of the three principal members of the Borgia family—Rodrigo who became Pope Alexander VI, his son, Cesare, one of the most colorful figures of sixteenth century Italy, and his daughter, Lucrezia.

Mr. Collison-Morley has not succumbed to the temptation of capitalizing upon the many rumors which surround the Borgias.

Rather he pursues the more scholarly course of examining and weighing all the evidence available—a good part of which comes from original sources and is not available in English—and drawing his conclusions as dispassionately as possible. In many instances, however, the reader is left to draw his own conclusions since the author confines himself to presenting the evidence.

Not only is this book valuable as a study of the Borgia family, but it is an interesting work on that period in Italian history which has the fascination of a fairy tale, the late fifteenth and early sixteenth centuries. Such figures as Machiavelli, Leonardo da Vinci, Isabella D'Este, Caterina Sforza, the Duchess of Urbino and many other Renaissance personalities figure in this work.

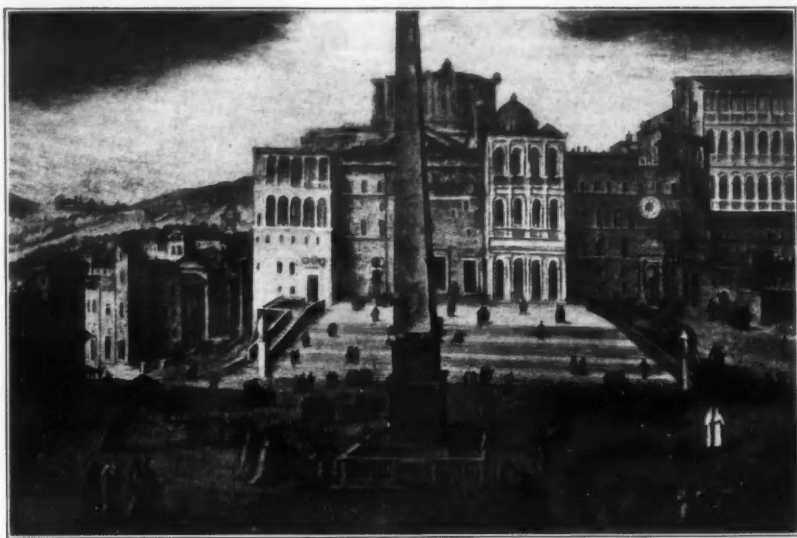
Titans of Literature

Five Masters, by Joseph Wood Krutch. New York: Jonathan Cape and Harrison Smith. \$2.25.

ALTHOUGH not a new book, "Five Masters" is a valuable study of the genius of five men who are, in some measure, responsible for the present form of the novel. Mr. Krutch deals with Giovanni Boccaccio, Miguel de Cervantes, Samuel Richardson, Stendhal, and Marcel Proust—presenting, in turn, an interpretative criticism of the work of each man in terms of the environment in which he lived. Our modern novel, believes Mr. Krutch, is largely the result of a series of "mutations"—or breaks from tradition which have tended to give form and direction to a new type of book. In each instance the deviation from the older form or method was brought about by environmental influences on the writer. Boccaccio, sensing the spirit of the Italian Renaissance, which was to reach its height in the next century, brought freshness and new life in place of the moribund speculations of medieval theology. For the first time in centuries people really lived and breathed—became aware of their individuality—interpreted the beauty of the past in terms of their own lives. Half Christian, half pagan, Boccaccio's "Decameron" mirrored the passionate vitality of a new age.

Mr. Krutch, in the same manner, traces the novel through the Spaniard, Cervantes. The first man to point out the fact that civilization had outgrown chivalry in its medieval conception, Cervantes, however, in spite of overwhelming personal hardships, clung firmly to an idealistic belief in the goodness of life.

Through Stendhal and the righteous Englishman, Samuel Richardson, Mr. Krutch brings the novel to Marcel Proust and our own time. Proust, one of the most important of modern writers, is also one of the least understood. Gifted with strong imaginative powers and a faculty for documenting everything that enters into the life of the decadent French aristocracy which



—Photo by Alinari
THE PIAZZA DI S. PIETRO IN ROME DURING THE SIXTEENTH CENTURY.
An illustration from "The Story of the Borgias," by L. Collison-Morley.

he describes, Proust develops in his unusually long novel, "The Remembrance of Things Past," his belief in the reality of the past.

In this book Mr. Krutch combines the task of the commentator with that of the biographer. He does not attempt to treat his subjects in an exhaustive manner, but rather to explain and to interpret the influence of these five men in the evolution of the present-day novel.

War-Time Memoirs

The Dark Invader, by Franz von Rintelen. New York: Macmillan. \$2.00.

IF one is seeking excitement, adventure, romance, together with a great deal of information on the working of intelligence services in time of war, Captain von Rin-

telen's book will certainly fill the order. In it we find an account of the German's activities during the war first in his own country and later as a special representative of the German naval department of this country.

Captain von Rintelen was sent to this country for the purpose of preventing the shipment of munitions to the Allies. In his book he tells how he organized in New York, planted bombs on a number of vessels carrying armaments to the allies, instigated strikes among the dock workers, plotted with Huerta against the United States, elicited the sympathy of a large number of Irish and otherwise pushed Germany's cause from American shores. The last part of the book he devotes to his imprisonment in the New York Tombs Prison and in the federal penitentiary at Atlanta.

FROM THE CURRENT MAGAZINES

"SLAVERY TODAY" by Lady Simon, *Listener* (British publication): May 24.—Slavery, with all its horrible consequences, exists in various parts of the world today. In many sections of Africa, Asia and the East Indies, it is an institution. At present more than 5,000,000 people are estimated to be tied to their masters' strings. In many regions the slaves are chained so they will not escape. Ten years ago the League of Nations appointed a commission of investigation which found that slavery is practiced in no less than nineteen political areas of the world. The shocking findings of the commission led to the drafting of an Anti-Slavery Convention, which the League members were invited to sign. All the signatories were pledged to cooperate for the purpose of abolishing slavery not only within their own borders but also throughout the world. This crusade is still being carried on.

"COLLEGE AND THE POOR BOY: IS THE DOOR CLOSING?" by Russell T. Sharpe, *Atlantic Monthly*, June.—There is grave danger that higher education may in the future be denied to thousands of students of meager means. Colleges, even before the depression, were having a difficult time to find outside work for students whose funds were not adequate to meet their expenses. In 1927-1928, one out of every three college students applied for part-time or summer work. Now it is estimated that 50 per cent of the students need a certain amount of outside assistance. Many colleges are beginning to doubt the advantage of students acquiring a liberal arts education when the effort to do so is accompanied by constant worry often leading to ill health, by long hours of outside labor in addition to academic work and by the lack of leisure time to associate with fellow students. The effect of these hardships has been to disillusion and embitter a great many young people. Yale announced last year that only a limited number of financially needy students would be

admitted to that institution in the future. Other colleges have followed suit. Mr. Sharpe's article is well worth reading as it discusses the matter in great detail.

"THE FALLACY OF PROGRESS" by Ludwig Lewisohn, *Harper's*, June.—We have been getting away from time-tried principles of conduct. We have got away largely because of the assumption that the rules of life have been changed as we have developed the machine age. We have assumed that progress has meant changing standards of conduct. But the essential things are not greatly changed. We use machinery, to be sure, but the facts of life that count are about the same. Human nature is unaltered. Human needs are what they have been. One may drive about in an auto instead of going over the roads in coaches and by horseback, but he is on the road just the same, meeting with other travelers, developing friendships. He has the same sort of human problems and they may be solved in the same way. We need, therefore, to get back to some of the old moralities and some of the old principles of government.

"THE CITIZEN AND HIS PUBLIC SERVANT" by Leonard D. White, *Survey*, June Midmonthly.—"What do you think of your public officials?" This question was asked several hundred men and women of different groups and stations. Replies were obtained from 7,168 persons. From the foreign-born and from the uneducated young people the replies were rather favorable. Officials were highly respected. Women were more favorable than men in their attitudes toward public servants. College and university students were less kindly disposed toward officers. "Native-born, middle-aged, well-educated and reasonably prosperous men" did not think well of public officials. It was commonly held that public officials were less efficient and less courteous than were employees of private companies.



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AMERICA—A NATION OF CITY BUILDERS

The United States is a country without villages, says Dr. L. P. Jacks in "My American Friends." We build great cities and tend to move in crowds.



WITHIN the course of the last year, much has happened to call attention to the question of our relations with the other nations of the western hemisphere.

Relations with Latin America

There have been disputes between American republics in which armed force has been resorted to, and in which the United States government has attempted to serve as arbitrator. There have been internal difficulties in which the citizens of this country have had a direct interest, either financial or otherwise. There has been a modification of policy with regard to two of the American nations—Haiti and Nicaragua. Finally, and far more important, there have recently come two statements of policy from President Roosevelt one of which directly applies to our relations with the Latin American countries and the other having an indirect bearing thereupon. It is appropriate, therefore, to survey the present status of our relations with our sister American republics and of the whole Pan-American movement in general.

The question of inter-American relations has occupied the attention of statesmen of this country for more than a century. From the time of the promulgation of the Monroe Doctrine in 1823 to the present day, few administrations have been spared the oftentimes burdensome and delicate task of deciding issues arising from our Latin American policy. It may be said that the enunciation of the Monroe Doctrine itself placed upon the shoulders of the American government a responsibility toward the nations of this hemisphere which does not exist in our relations with nations in other parts of the world. On many occasions this policy has been the source of friction and irritation on the part of the Latin American governments and peoples and the United States has been accused time and again of meddling in affairs which did not concern it. The situation today, however much it may have improved from the past, is far from ideal and will require a great deal of statesmanship on the part of our present political leaders.

Ways by which closer coöperation, political and economic, among the twenty-one American republics might be brought about have always been sought by various individual political leaders. More than a hundred years ago plans, as elaborate as those recently worked out for a federation of European nations, were advanced for a union of the American nations. While such men as Henry Clay dreamed of closer economic and cultural relations among the nations of the two Americas, few men went so far as to recommend an actual political union. That distinction goes to Simon Bolívar, the liberator of several South American countries. Largely as a result of his initiative an inter-American congress met in Panama in 1826. Although invited to participate in this first Pan-American conference, the United States was not represented.

The Pan-American movement, as we know it today and as represented through the organization known as the Pan-American Union, really had its beginning in 1889. Secretary of State James G. Blaine, an ardent Pan-Americanist, at that time issued invitations to the other nations to send representatives to a conference in Washington. Secretary Blaine had prepared a far-reaching program of coöperation to present to the delegates. It consisted of such things as an inter-Amer-

Latin-American Policy is Undergoing Change

By David S. Muzzey and Paul D. Miller

ican customs union, a unification of the weights and measures systems of all nations and the establishment of a uniform currency—a program which, of course, was not accepted by the conference.

Since that first meeting in 1889, the American nations have sent delegates to conferences at five-year intervals, with the exception of the war period. An organization has developed and efforts have been made to settle problems arising among the nations and to promote greater coöperation on the American continents. In point of fact, however, the movement has fallen short of the ambitions of its founders. Its principal achievement has been the establishment of a permanent organization with headquarters in Washington which gathers and distributes information about the different nations belonging to the Union. Its accomplishments have been more of a cultural than an economic or political nature.

In seeking reasons for the failure of the Pan-American movement to achieve the major objectives for which it was launched, one need not look very far. Primarily it has been due to various policies inaugurated by the government of the United States early in the present century and followed from that time until now. With the Spanish-American war came American imperialism. The United States extended its control beyond the national borders. American possession of the Philippines, and Porto Rico, and the threat of possession of Cuba, caused people in the other American nations to become uneasy.

But that was only the starting point of a series of events the results of which are still felt by those who are striving to create a spirit of friendliness and harmony in this hemisphere.

During the administration of Theodore Roosevelt, the United States became what the other American republics thought overbearing, especially in its treatment of the Central American and Caribbean nations. Under the Platt amendment, the United States was granted the right

to land military forces in Cuba at any time if disturbances in that island republic threatened peace and stability. Then, Roosevelt himself enunciated a doctrine, which has since come to be known as a corollary to the Monroe Doctrine, whereby the United States was to assume greater responsibility in upholding the historic doctrine than was implied in the original conception. It was Roosevelt's contention that in case any Central American or Caribbean country should fail to pay its debts to European nations the United States should itself take the responsibility of collecting the money and making payment. While the object of such a policy was to prevent European nations from dispatching troops to any country in this hemisphere, to take over the customs administration, it was bound to cause resentment and ill-feeling, for the Latin American countries could not but feel that their

sovereignty had been infringed upon when the United States sent marines and took over the customs houses.

This policy of intervention has been the principal sore spot in all inter-American relations of the last thirty years or more. Not always have the motives for intervention been the same. Aside from intervening to collect debts owing European nations, the United States has done so in order to collect debts owing its own citizens. Then, on numerous occasions, it has sent marines to protect the lives and property of its citizens when the governments appeared unable or unwilling to do so. In this respect, the United States has assumed the role of policeman and has intervened in more than twenty instances, the most notable of which is the recent episode in Nicaragua.

The recent Pan-American congresses have met in the midst of this friction and ill will. Naturally the atmosphere has not been conducive to constructive achievement. Delegates from the Latin American countries, in spite of efforts of the United States to ward off attacks on its foreign policy, have inevitably turned to the question of intervention and demanded its termination.

It appears, from events of the last year, that this policy is in the process of modification. In the first place, American marines have been removed

from Nicaragua, thus eliminating one of the most acute causes of dissension. Last September, the Department of State announced that the United States had concluded a "treaty of friendship" with Haiti by the terms of which American marines are to be withdrawn by the end of 1934—more than a year sooner than was originally contemplated. But the American government was to retain control over the customs administration to protect investments of its subjects. The Haitian legislature, however, summarily refused to ratify the treaty because of this objectionable feature.

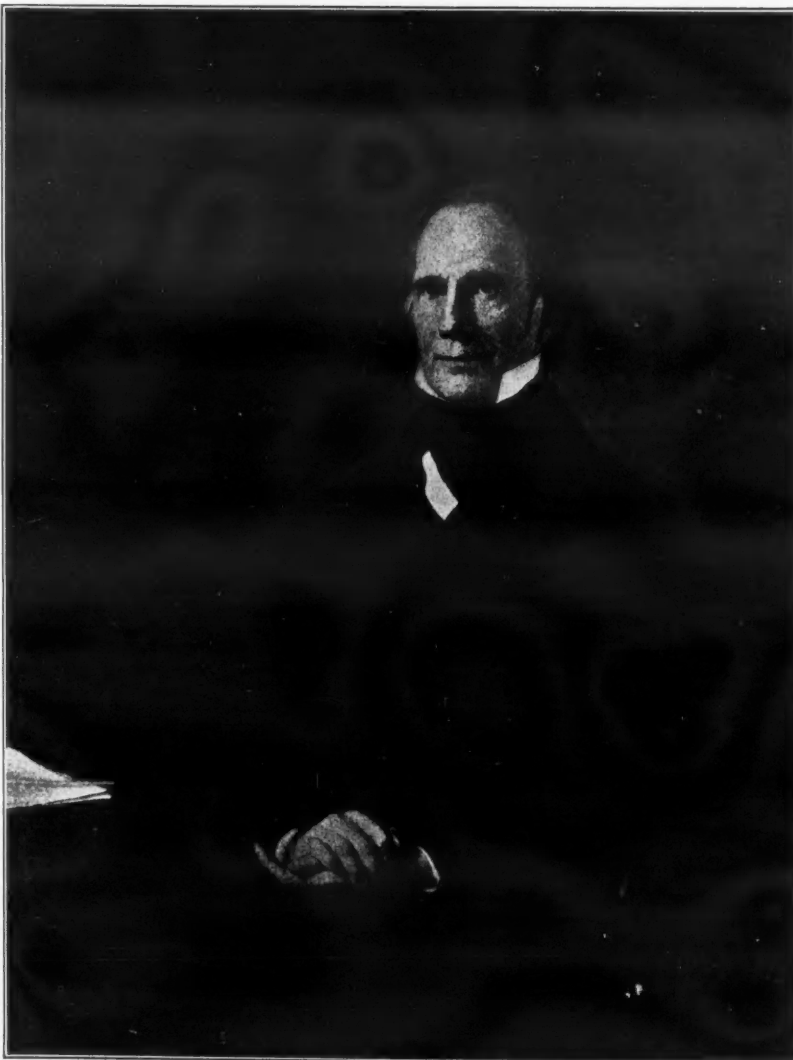
President Roosevelt has made two utterances since his inauguration which are likely to shape the future course of action of this government in the matter of intervention. On the occasion of the annual Pan-American Day celebrations in Washington, the president declared:

The peoples of the American republics understand more clearly with the passing years that the independence of each republic must recognize the independence of every other republic.

More important still, however, than this declaration is the paragraph in the president's recent plea for world peace in which he made the following significant statement:

That all the nations of the world should enter into a solemn and definite pact of non-aggression; that they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments, and, provided these obligations are faithfully executed by all signatory powers, individually agree that they will send no armed force of whatsoever nature across their frontiers. (Our italics)

The next congress of the Americas is scheduled to convene at Montevideo, Uruguay, in December of this year. Much preliminary work yet remains to be done if this conference is to produce greater fruits than past congresses. Principally, the United States will have to convince the Latin Americans that its intentions are to receive the other nations on a basis of equality and that it does not constitute a threat to their independence.



HENRY CLAY

One of the first American statesmen to dream of closer economic and cultural ties between the two Americas. (From a portrait by Henry F. Darby in the U. S. Capitol.)



WE DO HOPE THE BOYS IN LONDON NOTICE THOSE ROCKETS

—Darling in N. Y. HERALD-TRIBUNE

Stabilization Issue Impedes Conference

(Concluded from page 1, column 1)

The first blow was struck in England. It will be remembered how in the summer of 1931 there was a great loss of confidence among the countries of Europe. It began with the failure of Austria's principal bank in the spring of that year. Governments and individuals became panicky and began to withdraw the money they had deposited abroad. Huge sums were on deposit in England and when the demand was made on England she had to pay in gold. It was in the same nature as a run on the bank. A bank can pay out cash money for so long and then must cease for only a portion of its assets are in cash. The rest is loaned out.

The same thing happened in England which had made loans with some of the money on deposit—loans which could not be recalled at once. Britain, however, had enough gold to pay but only by drawing on the supply which she kept for the purpose of backing up her currency and maintaining it at a fixed value. The net effect of this was that England soon found that she did not have enough gold in her vaults to continue her pledge to exchange each British pound for a certain fixed amount of gold. Accordingly the Bank of England was obliged to go back on its promise. It was forced off the gold standard, and the British pound, instead of being worth \$4.866, declined until it was worth less than \$4.00. Without a definite amount of gold behind it it was worth a certain amount one day and a different amount the next. It fluctuated.

The result was a disturbance to international trade. The British importer hesitated to buy, for if the pound was worth \$4.00 when he placed his order and \$3.80 when he paid for it a few weeks later, he would have to turn over more pounds to his creditor than he had originally counted upon. Or, if he did buy, it was usually not in large quantities. He preferred to wait as long as possible, hoping that the pound would appreciate in value and permit him to purchase at a better advantage. This constant fluctuation of the pound had the effect of reducing purchases from abroad to a hand-to-mouth basis.

The British exporter found himself in a different position. He gained a decided advantage with the depreciated English currency. Foreigners, whose money still remained anchored to gold and convertible at the old ratio, were able to purchase more pounds with their currency. With

the pound at \$4.00 instead of \$4.86, an American concern, for example, could buy many more pounds with \$100 and consequently could buy more British goods. It became advantageous to purchase in the British market the goods which it had previously bought elsewhere. But the mere fact that the value of the pound, in terms of other currencies, did not remain stable and could not be determined from one day to the next had a disturbing effect upon international trade.

U. S. off Gold

This state of affairs became even more acute when in March of this year the American government declared an embargo on the exportation of gold and a few weeks later announced formally that the United States had abandoned the gold standard. The first step, taken immediately after the inauguration of President

Roosevelt, was an emergency measure. It was designed to prevent the further hoarding of gold by Americans and to stop the withdrawal of gold by foreigners, both of which courses had become generally prevalent during the banking crisis. Thus, the first step was taken in order to prevent disaster.

But when the administration announced in April that we were formally off gold, indicating that there was little likelihood of our returning to the gold standard in the near future, factors of an entirely different nature were involved. The administration at that time had decided upon a policy of inflation as a means of combating the depression. It was determined to attempt to boost prices by cheapening the price of the dollar. Demands for action of this kind had become so insistent that inflationary measures of one sort or another appeared inevitable. The farmers in particular and all people who had contracted debts when prices were much higher requested governmental action in order that their burden might be reduced. For, so long as prices were low they found it impossible to get sufficient money to pay off their mortgages and other debts. And, in order to increase prices through monetary policies it was decided that the United States should leave the gold standard and attempt to manage its currency with a view to lifting prices.

Fluctuations

But while this step has enabled the United States government to have a free hand in manipulating its currency, it has played havoc with the international markets. Since the formal abandonment of the gold standard, the American dollar has fluctuated widely in value. In terms of other currencies, its value changes from one day to the next. The French franc, for example, formerly worth about four cents one day goes up to almost five cents and the next drops to about four and a half cents. And the British pound moves in similar directions, measured in terms of the dollar. Since, with the exception of France, all the important nations of the world have left the gold standard, this fluctuation is extremely detrimental to international trade and makes the shipment of goods across national frontiers practically impossible.

When the nations assembled in London for the World Economic Conference, France and Great Britain declared that the first thing to be done was to effect a temporary stabilization of currencies. They wished the United States to join in with them and fix specific levels at which the pound and the dollar might be stabilized. The figure mentioned was slightly over \$4.00 for a pound, that is, the pound should be declared to be worth about \$4.00 and kept at that level. To accomplish this, it would not be necessary for the nations to go back on the gold standard at once. The central bank of each nation by coöperating with central banks in other countries could so manipulate the exchange as to keep the various currencies at the determined levels. If this were done, the French and British held, the first great obstacle to trade would be removed and the conference could proceed to its other problems with greater confidence.

Stabilization Refused

But when presented with the plan President Roosevelt balked and refused to consider even temporary stabilization at so early a date. The president arrived at this decision, not because he wished to hamper the work of the World Economic Conference. On the contrary, he has been most anxious that it succeed. But the president felt that to stabilize the dollar at a level of about 80 cents would conflict with his domestic program of recovery. One of the basic points in this program is controlled inflation which will make the dollar cheaper and ease the burden of the debtor class. The administration feels that the dollar should be brought down to the level which existed in 1926. In was then worth about 65 per cent of what it was before we abandoned the gold standard. With the dollar brought down to this point prices will of course be higher, the farmer and the manufacturer will receive more for their goods and will be able to pay their debts. This, in turn, will result, it is hoped, in higher wages and added employment.

U. S. Not Ready

It is Mr. Roosevelt's conviction, therefore, that it would be better to wait a while before stabilizing the dollar, for any stabilization now, would, by pegging the dollar at a fixed level, tend to arrest the upward movement of prices. Gradually it will, according to present plans, be driven down to the 65 cent level and there it will be stabilized. But until this happens the United States is unwilling to enter into any stabilization compact with other countries. It is our government's contention that the conference should occupy itself with other problems and that gradually the dollar and the pound will reach the proper levels. The

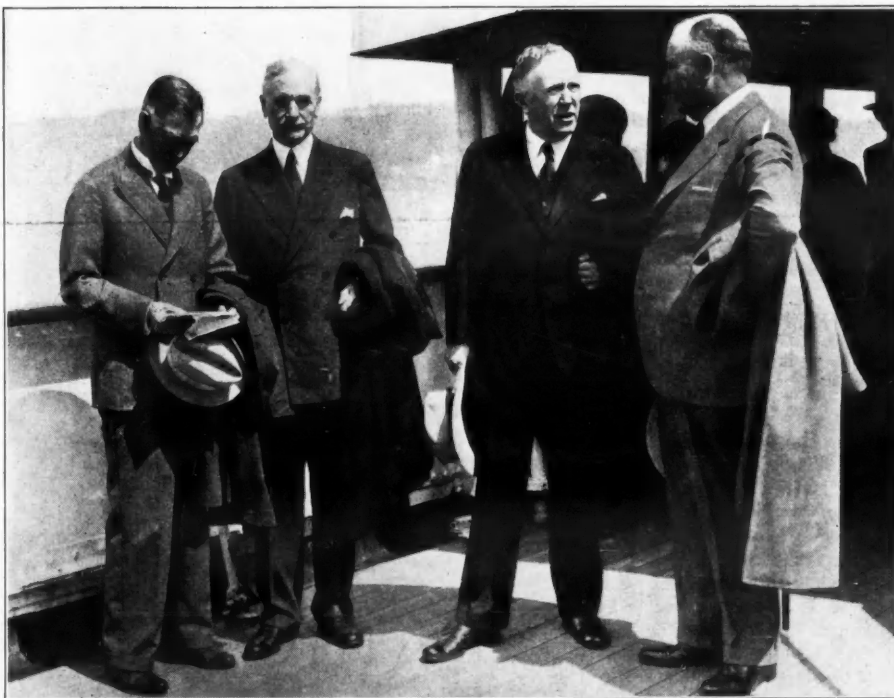
other nations do not seem willing to do this. They feel that order must be restored to the money markets of the world before there can be any intelligent discussion of other economic problems. This viewpoint has found some support in the United States. For example, the Baltimore *Sun* offers the following criticism of the administration's position:

As everybody understands, temporary stabilization of currencies was supposed to be the starting point even in the simplest forms of economic internationalism. No one is quite able to see, and certainly no one in the administration has explained, how the faintest approach to correction of the tariff barriers can be made while currencies are being depreciated and thereby are creating new tariff barriers. No one has suggested an explanation of how the mesh of commodity quotas and exchange restrictions can be cleared up until there is some idea of what the dollar or the pound will be worth on the day after tomorrow. Nobody has explained how basic financial questions, such as the restoration of gold as a standard, can even be approached until temporary stabilization shall have been effected. Without that it is difficult for delegates to stand still long enough to talk, much less to take any action.

This is the situation at the end of the conference's second week. The deadlock is important, not only because of the issue involved, but also because it comes as the first real test of strength between the great powers. The United States will hardly yield and if the conference is to continue it seems that France and Great Britain must concede the point. That they will do this is by no means certain. There has been serious talk in London of adjourning the conference for six weeks or more to give the nations time to stabilize their currencies. It is realized that such action might have a bad psychological effect but it is believed that it would be still worse for a prolonged deadlock to take place and to have the meeting develop, as John Maynard Keynes has put it, into a universal yawn.

BRITISH DELEGATION COMING

It is reported that about the end of July Great Britain will send Sir John Simon, foreign minister, and Neville Chamberlain, chancellor of the exchequer, to the United States for the purpose of negotiating a settlement of the British war debt. This action will be in accordance with President Roosevelt's suggestion that a delegation be sent to this country as soon as possible. The British case will be the first to be heard. Other nations which have made partial payments will follow. The problem of what to do about the defaulted nations will most likely be reserved until an agreement with the countries in good standing has been reached. It is hoped to have a number of debt pacts ready for the consideration of Congress when that body convenes next January.



FOUR MEMBERS OF THE AMERICAN DELEGATION TO LONDON
Left to right: Senator Key Pittman, Secretary of State Cordell Hull, Representative Sam McReynolds and Banker Ralph Morrison as they prepared to land in England.

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Behind the Scenes in the Nation's Capital

Washington Still Looks to London Where Colorful Personalities Are Congregated. Couzens and Morrison, Hard-Headed Business Men, Offer Contrast to "Old Timers" Like Smuts and Ishii.

By Ray Tucker

Since the London Economic Conference is dealing principally with questions affecting economic recovery, including tariffs, currency and related problems, it is not surprising to discover that two of this country's important delegates are business men and industrialists first and foremost. What is surprising, though, is the fact that other nations still rely upon the old-fashioned kind of statesman-politician to find a settlement for problems of this sort.

With the exception of a few technical experts, it is doubtful if any other country has sent to London such strange types as Senator James Couzens and Ralph Morrison, Texas banker. Already word reaching Washington from across the seas indicates that their selection was fortunate in that they are bringing hard, common, business sense to the work in hand. They are rendering unto the statesmen and politicians the things that belong to those orders of beings, but they seem to be keeping in mind the fact that, after all, the main task before the conference is to make it possible for you and me to make a better living, and to escape such depressions as the world has faced for the last three years.



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SEN. COUZENS

but apparently getting nowhere. He lacked funds to finance his experiments, and it appeared as if he would have to give up. Then he met Mr. Couzens, an aggressive go-getter sort of fellow then as he is now. Mr. Couzens put up about \$1,000, Henry went ahead with his research and then with his manufacture of the strange vehicles which have helped to revolutionize American life and thought.

Their joint career was stormy from the start. Mr. Ford, as is well known, is a man of many eccentricities. Mr. Couzens is sarcastic, irritable, settled in his views. But it was "Jim" who built up the selling side of the industry, and Mr. Ford recognized his great ability. "Jim" bossed and browbeat "Henry" for years, and made him like it. When Mr. Ford urged in his newspaper, the *Dearborn Independent*, that Allied Commissioners en route to this country for war loans should be thrown off the docks on arrival, Mr. Couzens blustered and made his boss change his tone. Eventually Mr. Ford agreed not to publish such things without censorship by his partner. It was after a similar spat that the senator handed in his resignation, and quit industry forever.

Simply to keep in the game of life, he became chief of police and later mayor of Detroit. He had charge of the city when it was expanded during the war boom days, and Detroit is what it is largely because of his achievements. When that job palled on him, he ran for the Senate and has been running and winning ever since. Here, as with Ford and other officials in Detroit, he has been a stormy person, browbeating presidents and radio commissioners when he thought they were wrong. Underneath, however, he is kindly, lovable and a wise statesman. He has given millions to charity, and devoted a great deal of time to social welfare movements. He is hard-headed and hard-boiled, as his strong jaw and red face show, but the kind of man Uncle Sam seems to need at London at the moment.

Another business man representing the United States at the parley is Ralph Morrison of Texas. He knows his Europe and his Europeans, for he spent fifteen years abroad as representative of the St. Louis Car Company. He sold his products to premiers, kings, governments and great industries in Europe and in South America. Although never an active participant in politics or public life, he knows and views government as a great business. He made millions himself, and went into semi-retirement about eight years ago.



© Acme
JAN SMUTS

After leaving the European scene, he turned to the Rio Grande Valley in Texas, and bought up a string of public utilities. He had a great deal to do with transforming a waste spot into a beautiful garden where a large share of the nation's finest fruits and vegetables are grown. He lives on a large ranch sixty miles from San Antonio, and gets greatest pleasure from a string of 100 saddles horses said to be the best in this country. He is a close friend of Vice-President Garner, who often hunts and fishes on Mr. Morrison's place. Like Mr. Couzens, he is grim and realistic—no innocent abroad at all.

Some years ago he was kidnapped and held for \$75,000 ransom. He paid it, but he never quit the chase until he had sent his three kidnappers to the penitentiary. European diplomats will find it difficult to fool him or the senator from Michigan.

South Africa's Hero

A startling contrast to these two men is Jan Smuts, premier of the Union of South Africa and representative at London for a strange land made up of negroes,

Dutch and British. Premier Smuts was a general in the Boer War, and has had a prominent part in the history of South Africa since it became a part of the British Empire.

Although intensely nationalistic, he has advocated continued membership in the empire in the face of demands for separatism. He is typically Dutch, and that means that he is stubborn. He uses plain, homely language, and has great moral courage. Of medium height, with a goatee and mustache, he seems to be exercising an influence at the conference out of all proportion to his country's importance in the international scheme. His people love him, and he has been called "South Africa's hero."

Great Britain's principal emissary with respect to financial and currency problems is Neville Chamberlain, chancellor of the exchequer, a post corresponding to our secretary of the treasury. He comes from a family long distinguished in British politics and government, and he has the traditions of the Britisher who believes that the "tight little isle" is God's gift to the world. With him it is always "the Empire first." He is exceedingly able and intelligent, and England's cause will fare well in his hands. He is the lean, lanky, frost-bitten type of Briton.

Japan's Grand Old Man

With great interests at stake, Japan has sent her "grand old man," Viscount Ishii. He is to Japan what Elihu Root used to be to Republican administrations in this country. Whenever Japan got into a tight place in the last twenty years, there Vis-

count Ishii bobbed up with his smile, his marvelous mind, his great knowledge of world affairs and his oriental politeness. He has acted as Tokio's negotiator in numerous controversies with the United States and China. He has held almost every post in his government, and Japan's rise from a backward state to its present position of world influence may be attributed partly to his ability. He is larger and stockier than the usual oriental type, and might be taken for a Caucasian. His great hobby is poker, and he plays his cards coldly, carefully—as he is at London.

Engelbert Dollfuss, who represents Austria, is comparatively little known to the world. In the political welter resulting from the World War, and subsequent turmoil, many new faces have appeared upon the European political scene, and Dollfuss belongs to that new order. It is ironical that he is an extreme contrast with Adolf Hitler, Germany's dictator, in almost every respect. Whereas Hitler is flamboyant, and seeks to pose as a martial hero, Dollfuss is so small that they call him the "pocket Napoleon."

The Austrian is round and fat, and merry. He shares in jokes at the expense of his size, and takes no offense when his colleagues range themselves alongside to show how tiny he is. Dollfuss is also a conservative, and will have nothing to do with Hitler's nationalistic movement. In fact, he is the leader in the attempt to block Hitler's dream of a reunited Central Empire, and all his efforts at London are directed toward a closer concert with Germany's former enemies.

Dollfuss is both minister of foreign affairs and minister of agriculture. He is a member of the Christian Socialist party, which strives to eliminate agnosticism and Marxism from among the Austrian people. Its chief political supporters are property owners who fear adoption of a radical program, or one which will injure Austria's economic interests abroad. The little, bouncing Dollfuss speaks for such elements as the upper middle class which still has some property, the land-owning peasants and the tradesmen.

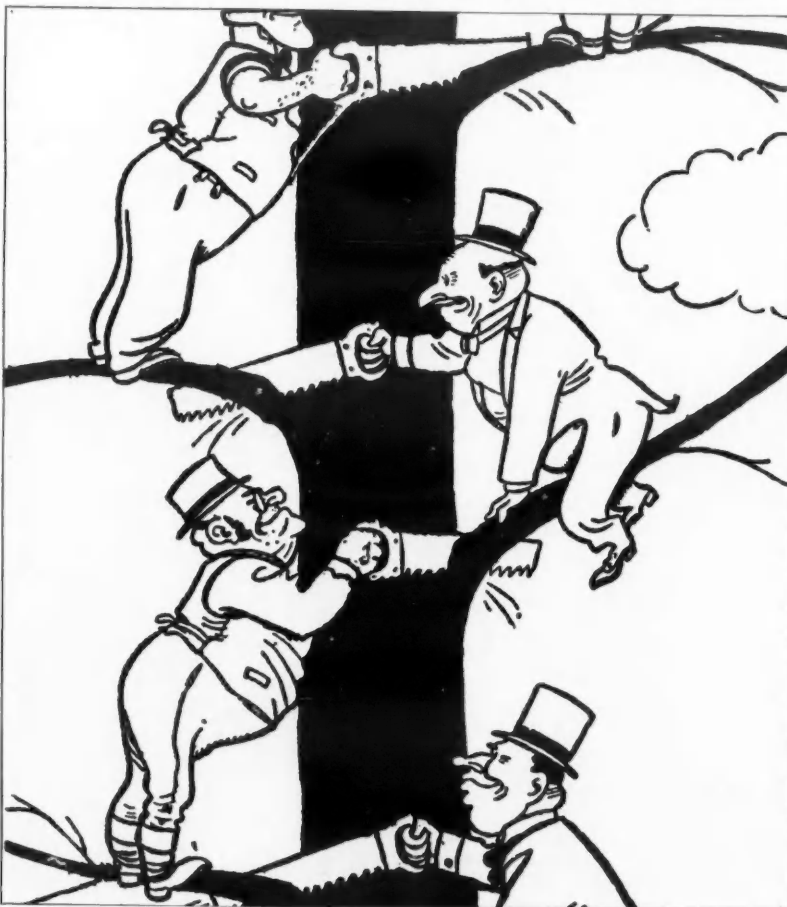
JOBS FOR TENNESSEE

The projected development of the Tennessee Valley, one of the principal points in the Roosevelt recovery program, will provide a "new deal" for Tennessee Valley residents in more ways than one. In addition to giving an impetus to the development of that part of the country it has been announced that people living in the locality will be given preference when it comes to distributing jobs by the Tennessee Valley authority.

NEW FORESTS

As a feature of the reforestation program, the government plans to acquire the ownership of between six and eight million acres of timber and farm land in at least twenty eastern and southern states. This will cost the government about \$20,000,000 and will approximately double the national forest area east of the Mississippi.

Steel production, one of the most important business indices, reached 50 per cent of capacity last week. This was the highest figure to be recorded since April, 1931. There has been such a rush of orders to the steel mills that a number of them have fallen behind in deliveries.



A RUSSIAN VIEW OF THE ECONOMIC CONFERENCE

—PRAVDA (Moscow)



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